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SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

A forthcoming informal conference on "International Ownership or Operation of World Air Transport Services" to be held in October will unofficially bring together a number of leading international civil aviation figures. While the conference will probably have no direct effect on the US, it will be dealing with a development which could adversely affect US security interests throughout the world if pursued to its logical conclusion.

The current clandestine air operations transporting war material from Czechoslovakia to Palestine may provide Czechoslovakia with a long-awaited opportunity to acquire 4-engine aircraft, thus facilitating further Czechoslovak airline expansion. Further penetration of non-Satellite airspace by a Communist-controlled airline would be a development inimical to US interests.

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SECRET**SECTION II. CURRENT DEVELOPMENTS**

The forthcoming informal conference on "International Ownership or Operation of World Air Transport Services", while probably having no immediate effect on the US, will nevertheless be dealing with a development in civil aviation which could adversely affect US security interests if pursued to its logical conclusion. The formation of any international operating body controlling civil air transport in strategic areas of the world could jeopardize the present US system of direct negotiations by which operating rights are obtained at foreign civil air bases.

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The conference will be held in October under the co-sponsorship of the Department of Aeronautical Engineering of Princeton University and the Institute for Advanced Study. A select international group of aviation leaders has been invited to take part in these unofficial discussions. Among the scheduled participants are the President of the Council of the International Civil Aviation Organization (ICAO); the representatives of the US, UK, France and Canada on the ICAO Council; officials of the US Departments of State and Air Forces, and the Civil Aeronautics Board; and representatives of several international airlines and airline associations.

The problem to be considered at Princeton has been intermittently discussed at various international conferences for many years. Proposals have ranged from limited joint regional operations or pooling arrangements, under which the national identities of participating airlines would be retained, to world-wide ownership and operation of international air services by a single international body. The most recent formal discussion of the question took place at the Second Assembly of ICAO held at Geneva in June 1948, where it was referred back to the ICAO Council and member states for further study with a view to renewed comment and recommendations before the 1950 Assembly.

The establishment of international operating organizations is directly opposed to the free development of international air transport which the US has consistently advocated for post-war civil aviation. A serious threat to US aviation interests lies in the possibility that foreign countries, participating in some type of combined operations, might attempt to reserve to their own carriers traffic rights over routes flown by the combined organization. Furthermore, US airlines, which are pre-eminent in world trunk route operations, would not benefit from participation in either regional air transport pools or a single international operating organization. Even as non-participants, US airlines would be adversely affected. The increased efficiency and decreased operating costs which would be effected by foreign operators through pooling their facilities and services would result in a partial loss of the present competitive advantage of US international air carriers.

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Since the forthcoming discussions at Princeton will be unofficial and informal, it is not probable that they will have any direct or immediate result. However, they will further the exploration of the problem of internationalization of air transport, in which the UK and France (which regard joint airline operations as a logical corollary of European economic cooperation) have already demonstrated an active interest. This conference may therefore accelerate a trend which will have a direct effect on long-range US aviation interests throughout the world.

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A long-awaited opportunity for Czechoslovakia to acquire 4-engine aircraft may be provided by the current clandestine air transport operations out of that country (Transportation Group Weekly, 3 August). (The US, as a security measure, has previously thwarted repeated Czechoslovak attempts in Europe, Canada and the US, to obtain Constellations and other 4-engine, long-range transport aircraft.) In addition to a number of 2-engine aircraft, at least three US-owned, 4-engine aircraft are based in Czechoslovakia for use in transporting war materiel to Palestine. Of these, one is a Constellation which was badly damaged in a one-wheel landing at Zatec in July and has not been airborne since that time due to lack of replacement parts.

Since operations in support of Israel have always been dependent upon the full knowledge and cooperation of the Czechoslovak Government, the Czechoslovaks may have already obtained ultimate rights to the aircraft as a prior condition to the establishment of operations in that country. The problem of dollar payments could be overcome by the eventual exchange of the aircraft in return for war materiel now being provided by Czechoslovakia.

A substantial threat to US interests lies in the possibility of the outright acquisition of any or all of these 4-engine aircraft by Czechoslovakia. The US has been instrumental in preventing the expansion of the operations of Czechoslovak Airlines (CSA) beyond the Mediterranean area. However, the replacement of obsolescent DC-3 aircraft with 4-engine equipment would facilitate CSA's ambitious plans to establish services through the Near East to both South Africa and India. The further penetration of non-Satellite airspace by a Communist-controlled air transport service would be a development inimical to US security interests. Moreover, the continued presence in Czechoslovakia of a grounded US Constellation will enable Communist technicians to make extensive studies of the aircraft's construction.

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